

Q3 2025

Quarterly Factor Report

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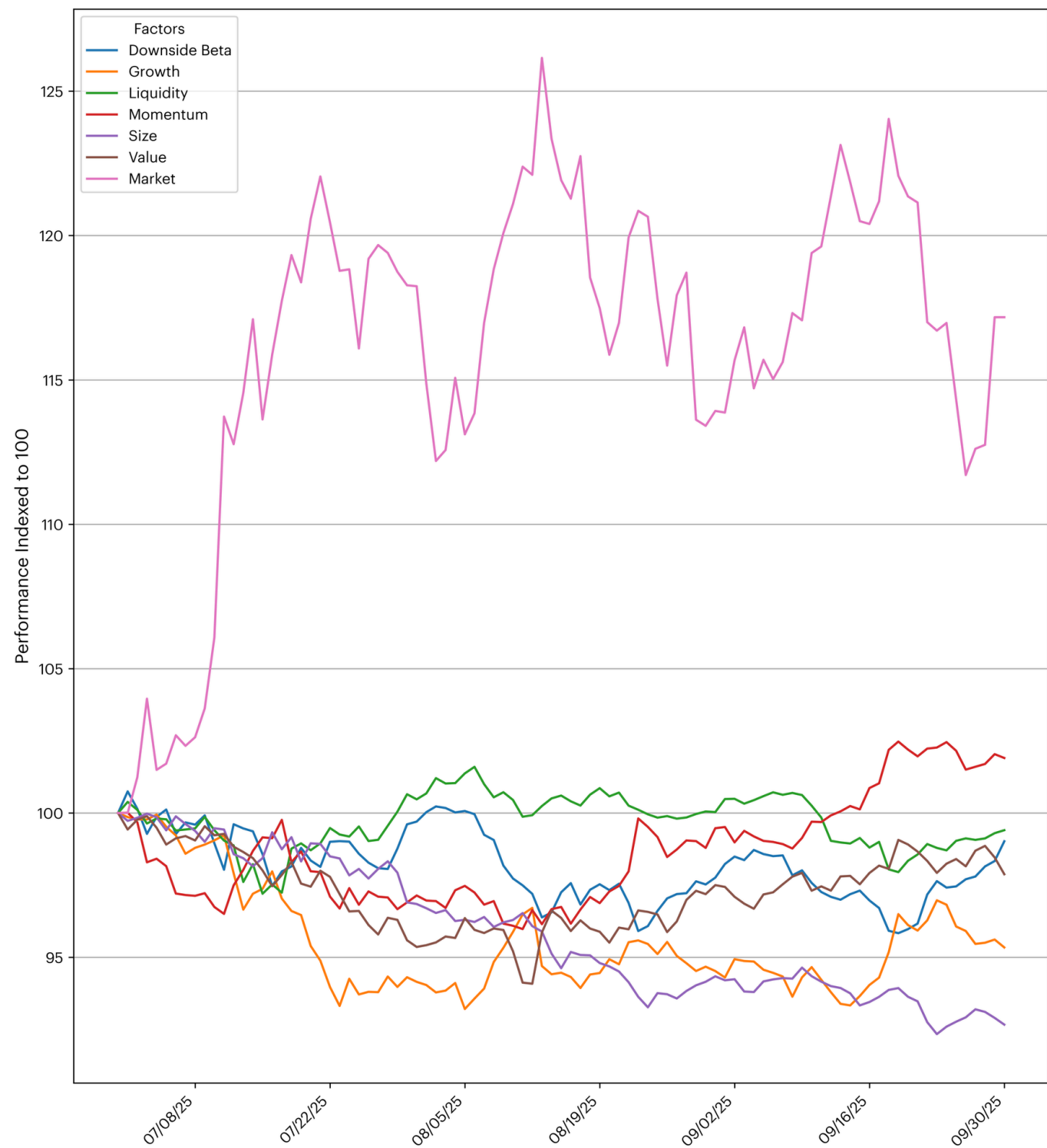
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Performance Summary

Momentum Outperforms Following New Highs



Long/Short Factor & Market Performance
Source: CF Benchmarks, July 1, 2025 to September 30, 2025

Performance Summary

The CF Benchmarks Factor Model for digital assets identifies seven key risk factors—Market, Size, Value, Momentum, Growth, Downside Beta, and Liquidity—to explain cryptocurrency return variation. Using both time-series (Fama-French) and cross-sectional (Fama-MacBeth) regression frameworks, the model analyzes on-chain and off-chain metrics like protocol fees, trading volume, and user activity. It demonstrates strong explanatory power, particularly from Market, Growth, and Downside Beta factors. Built with institutional investors in mind, the model applies familiar tools from traditional finance to the unique characteristics of crypto. It helps investors identify key sources of risk and return, improve portfolio construction, and make more informed trading decisions.

Q3 2025 reflected a more selective continuation of the market's recovery. The CF Broad Cap Index advanced 16.1% during the quarter, extending the year's gains but with notable divergence beneath the surface. Momentum led factor performance with a 1.9% rise, underscoring that trend-following strategies remained effective amid uneven price action. In contrast, Size declined 7.3% as smaller-cap tokens underperformed. Growth fell 4.7%, and Value slipped 2.1%. Liquidity edged down 0.6%, suggesting less liquid tokens underperformed. Downside Beta declined 1.0%, underperforming as the market rallied late in the quarter. Overall, the quarter's factor performance suggests investors remained constructive but increasingly selective, favoring large-cap assets and directional momentum over broad-based risk exposure.



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Head of Research



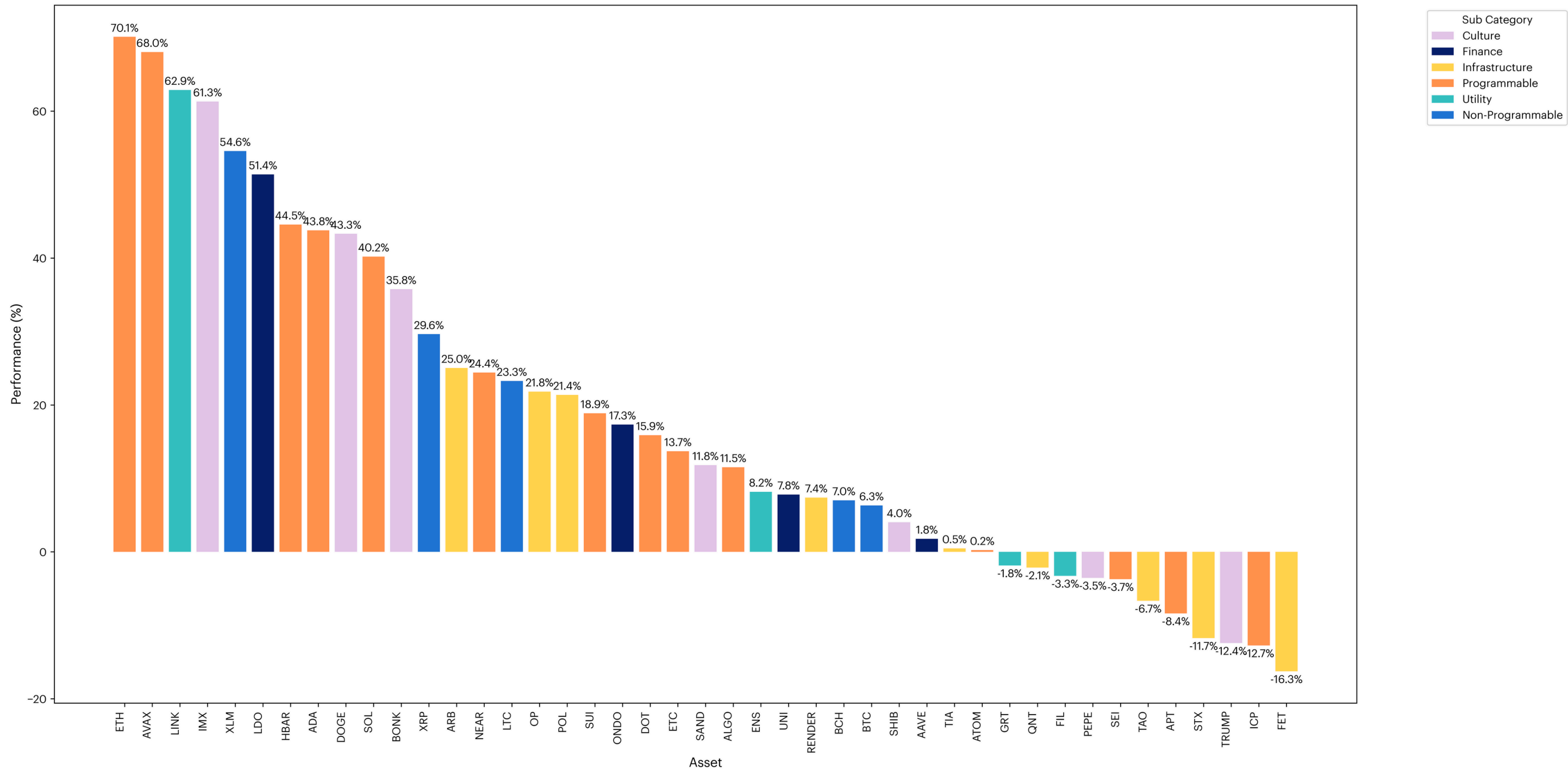
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Leaders & Laggards

Programmable Tokens Rebounded in Q3



Leaders

Smart-contract and infrastructure leaders outperformed, with ETH (70.1%), AVAX (68.0%), and LINK (62.9%) beating the broader market. Their gains reflect institutional inflows and improving regulatory clarity, accelerating on-chain activity and DeFi liquidity on Avalanche, and Chainlink's expanding oracle and real-world asset integrations.

Laggards

FET (-16.3%), ICP (-12.7%), and TRUMP (-12.4%) ranked among the quarter's worst performers, reflecting cooling enthusiasm for AI-crypto narratives, persistent adoption challenges on Internet Computer, and fading memecoin demand. These declines underscore execution and demand headwinds despite a broadly constructive market backdrop.

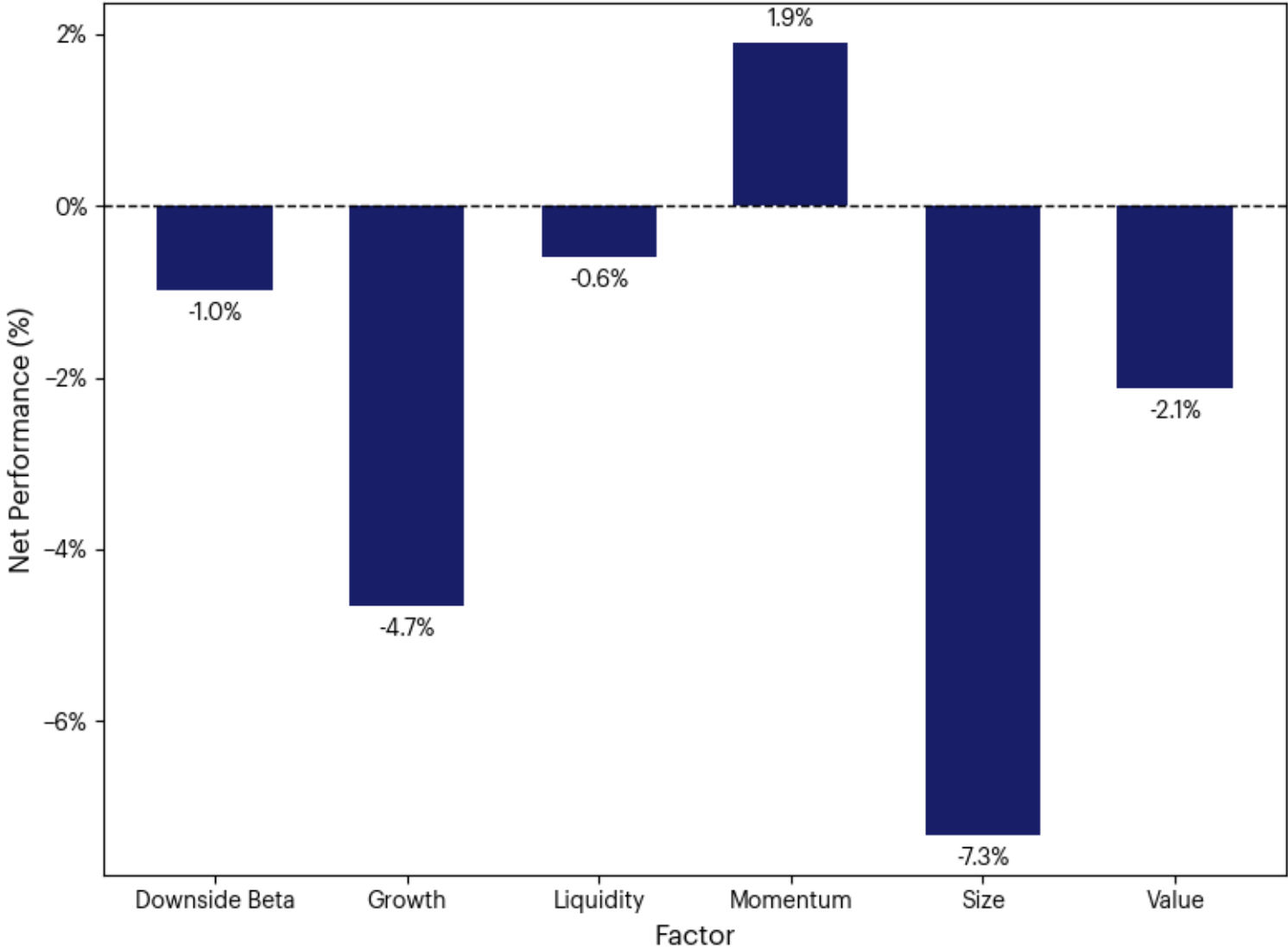
Source: Returns are based in USD terms, CF Benchmarks, July 1, 2025 to September 30, 2025

Factor Portfolio Performance

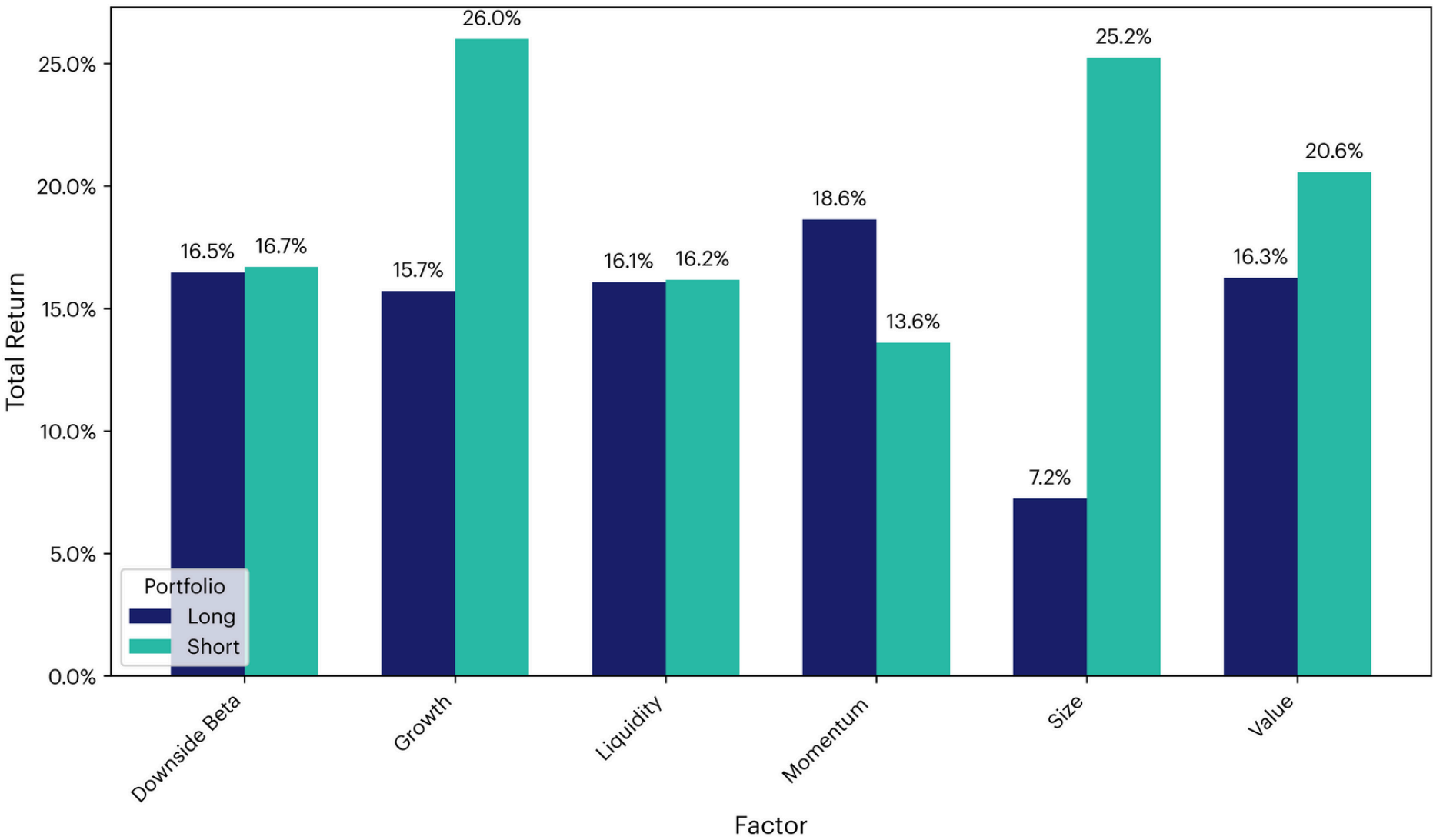
Quarterly Portfolio Performance



Factor Portfolio Performance



Long and Short Portfolio Performance

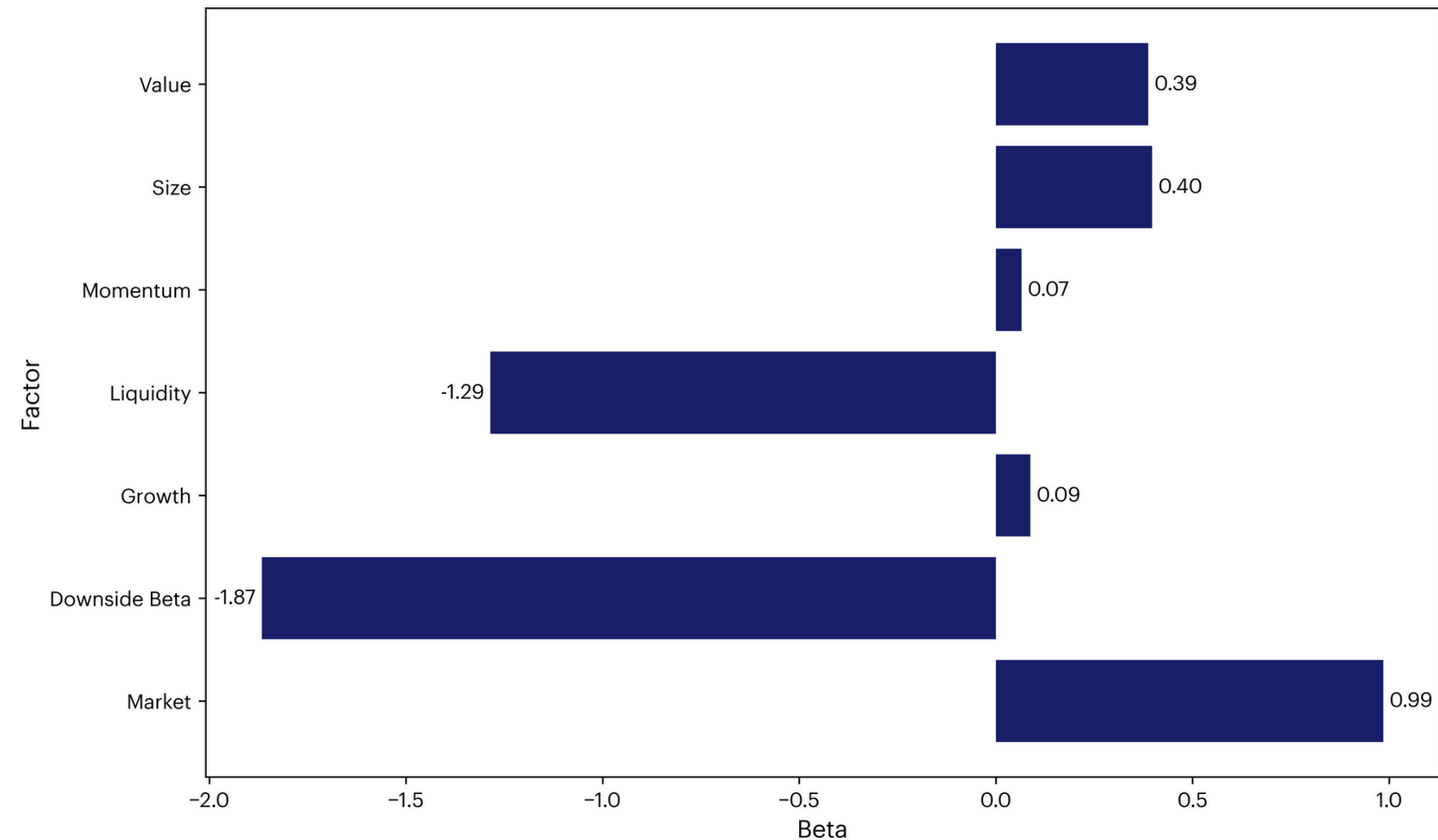


In the third quarter of 2025, Momentum stood out as the best performer on the long side, followed by Value and Downside Beta. On the short side, Growth and Size delivered the strongest results, with Value ranking third. The Q3 factor profile points to a more selective advance: investors were rewarded for trend exposure, while small-cap bias and value tilts detracted at the portfolio level, and defensive exposures (such as Downside Beta and less liquid tokens) acted as a modest drag on performance.

Source: CF Benchmarks, July 1, 2025 to September 30, 2025

CF DACS Category Exposures

CF Settlement Category Index Factor Scores

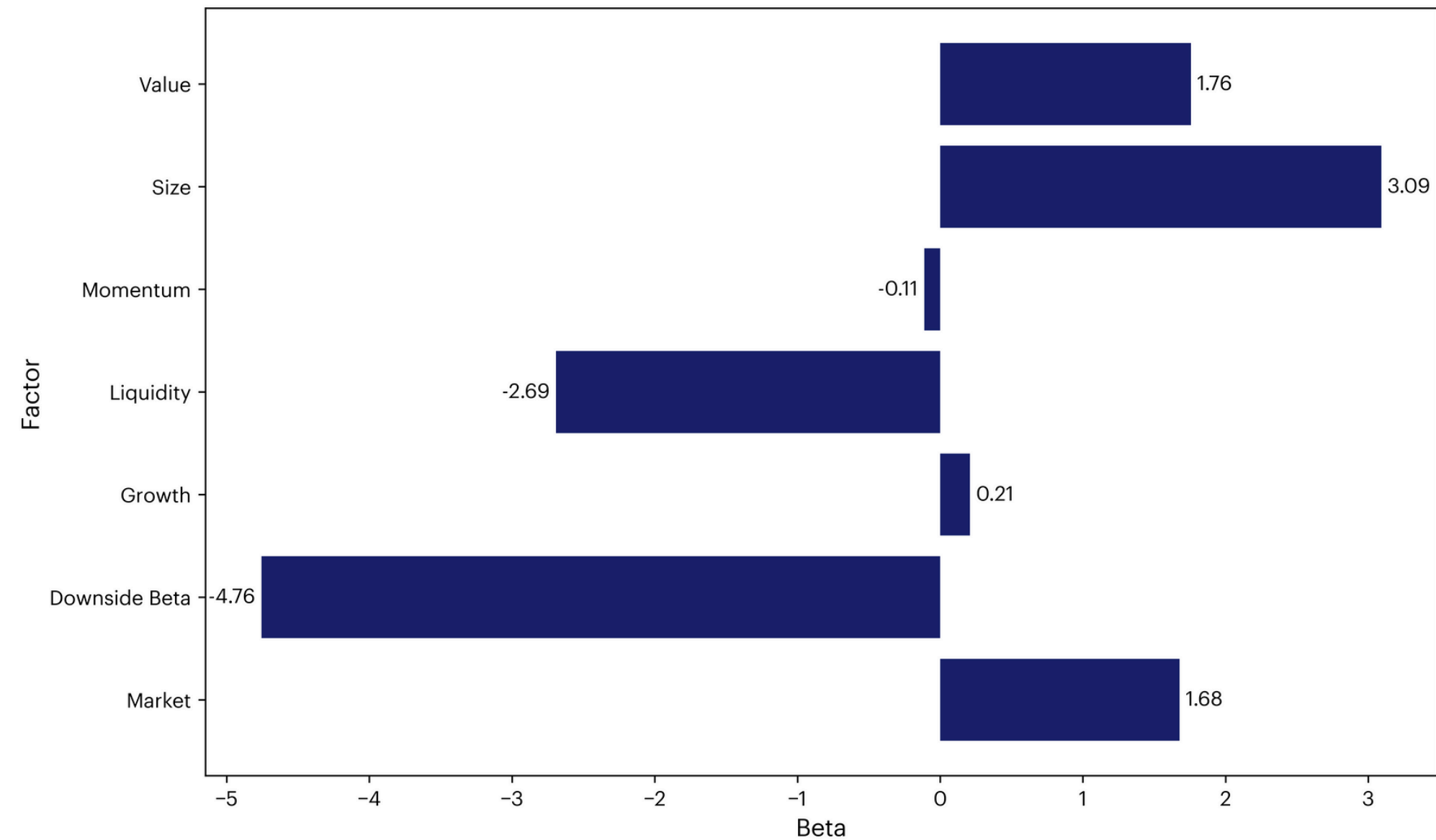


CF DACS Segment	Weight
Payment & Store of Value	78.9%
General Purpose Smart Contract Platforms	21.0%
Specialized Purpose Smart Contract Platforms	0.1%

The CF Settlement Category Index's factor beta profile shows meaningful tilts beyond pure market exposure. The index exhibits strong negative sensitivity to Downside Beta (−1.87) and Liquidity (−1.29), indicating that it moves with more liquid tokens. Conversely, Size (+0.40) and Value (+0.39) show moderately positive tilts, reflecting its exposure to small-cap assets and tokens with efficient on-chain metrics. Growth (+0.09) and Momentum (+0.07) remain near neutral, suggesting limited correlation to trend following tokens and onchain activity. Overall, the Settlement Category Index maintains a defensive posture, with modest value and small-cap exposures providing partial balance.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

CF Services Category Index Factor Scores

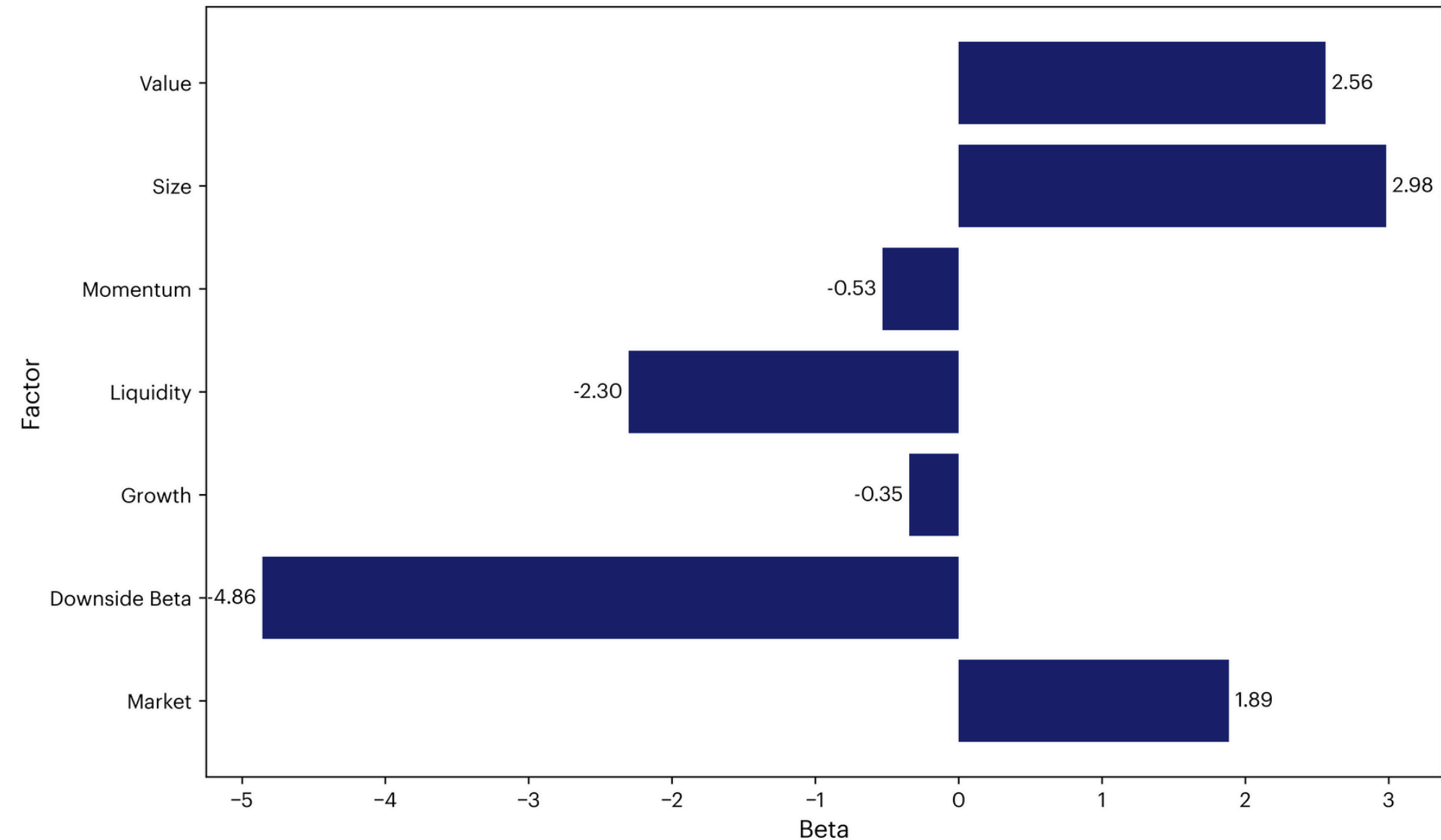


CF DACS Segment	Weight
Oracles	46.4%
Scaling	23.5%
Computing	17.5%
Information & Data Management	5.9%
Interoperability	4.4%
Identity	2.2%

The CF Services Category Index exhibits a nuanced factor beta footprint. The profile is dominated by a very negative Downside Beta (−4.76) and negative Liquidity (−2.69), indicating a tilt toward risk-on and more liquid names. Offsetting this, the index shows a strong positive Size beta (+3.09) and a meaningful Value tilt (+1.76), suggesting performance has been driven by smaller-cap tokens and those with higher fee efficiency. Growth has a modestly positive beta (+0.21), while Momentum is slightly negative (−0.11), implying limited dependence on trend factors. Overall, the Services Category Index is characterized by a bias toward liquid, smaller-cap exposures with clear value orientation—a combination that enhances upside potential in constructive markets but heightens vulnerability during risk-off periods.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

CF Sectors Category Index Factor Scores



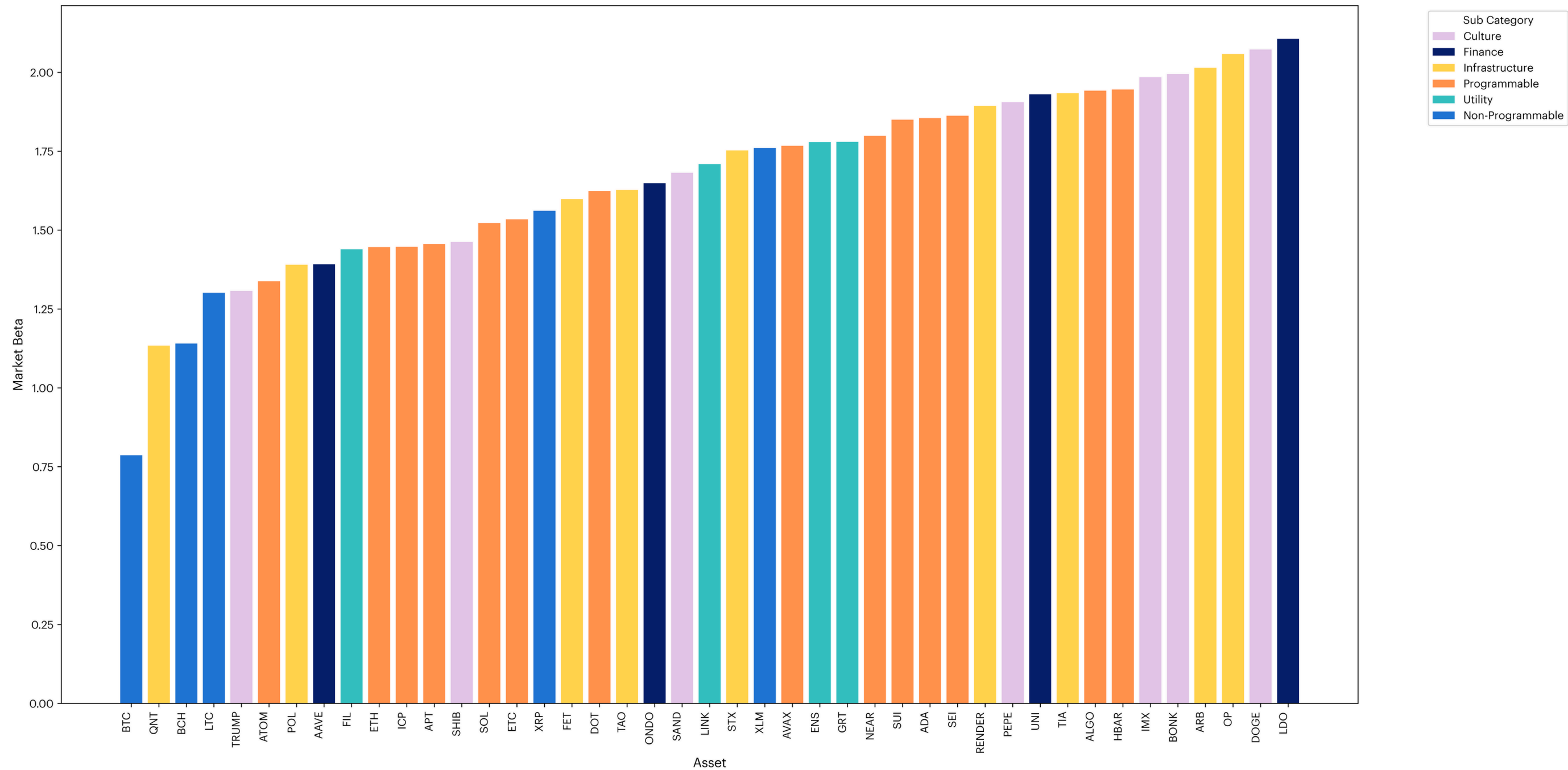
CF DACS Segment	Weight
Meme Coins	80.6%
Borrowing & Lending	10.4%
Trading	6.3%
Asset & Wealth Management	1.1%
VR & AR	0.7%
Gaming	0.6%

The CF Sectors Category Index displays a distinctive factor beta profile. The footprint is dominated by a very negative Downside Beta (−4.86) and negative Liquidity beta (−2.30), indicating elevated sensitivity to risk-off episodes and a tilt toward more liquid names. Offsetting this, the index shows a strong positive Size beta (+2.98) and a meaningful Value tilt (+2.56), suggesting exposure to smaller-cap tokens with more established or efficient network fundamentals. Growth is modestly negative (−0.35) and Momentum slightly negative (−0.53), reflecting limited participation in tokens driven by rapid network expansion or short-term price trends. Overall, the Sectors Category Index leans toward liquid, smaller-cap value exposures with pronounced downside sensitivity—a combination that can amplify upside participation in favorable markets but increases vulnerability during periods of risk aversion.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

Factor Betas by Asset

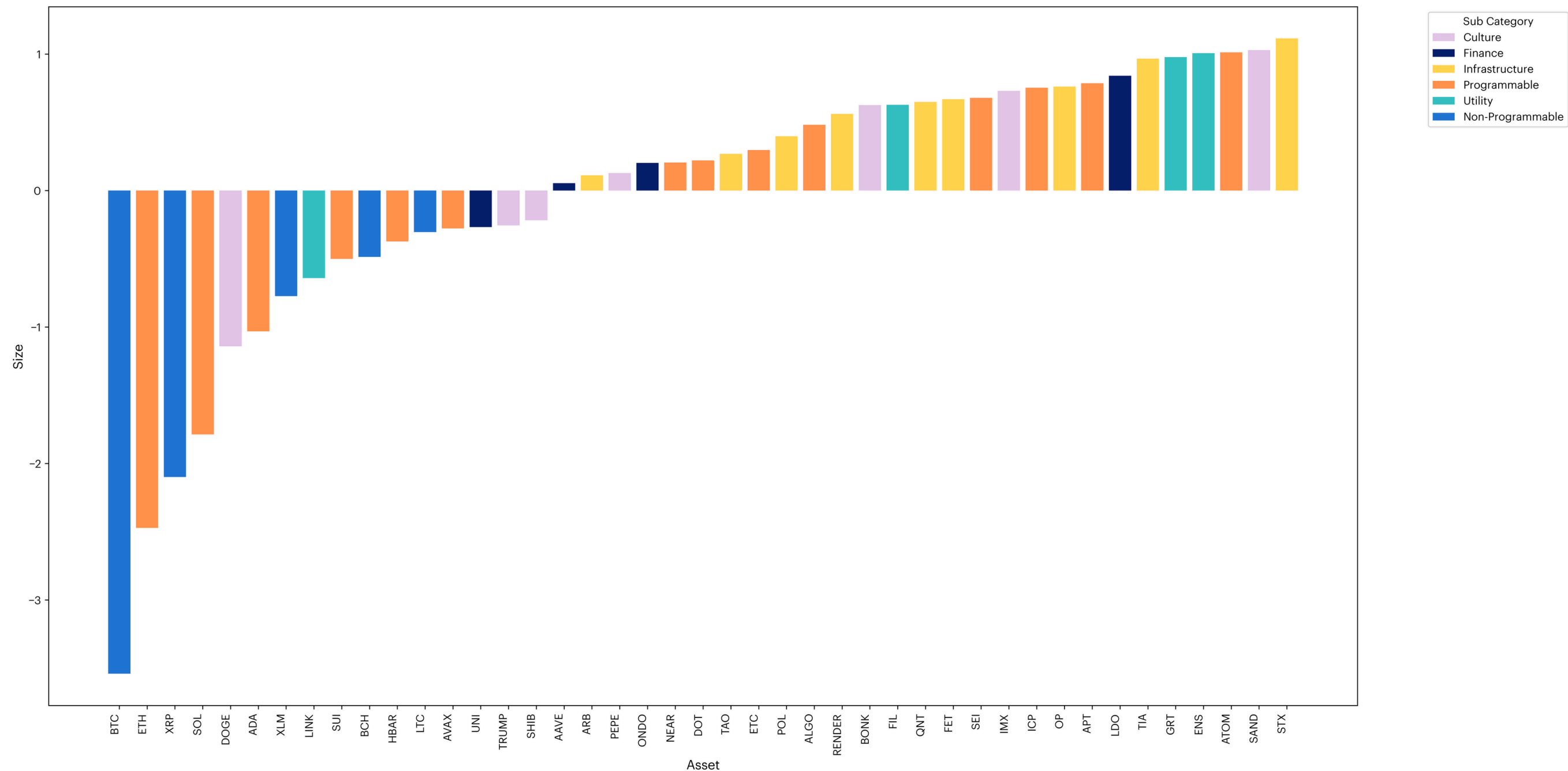
Market Factor Score by Asset



The Market factor encapsulates broad systematic risk in digital assets by capturing overall market sentiment and macroeconomic influences. Constructed from a free-float market-cap weighted portfolio of major cryptocurrencies, it is represented by the CF Broad Cap (Free Float) Index and serves as the primary benchmark for evaluating risk premiums.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

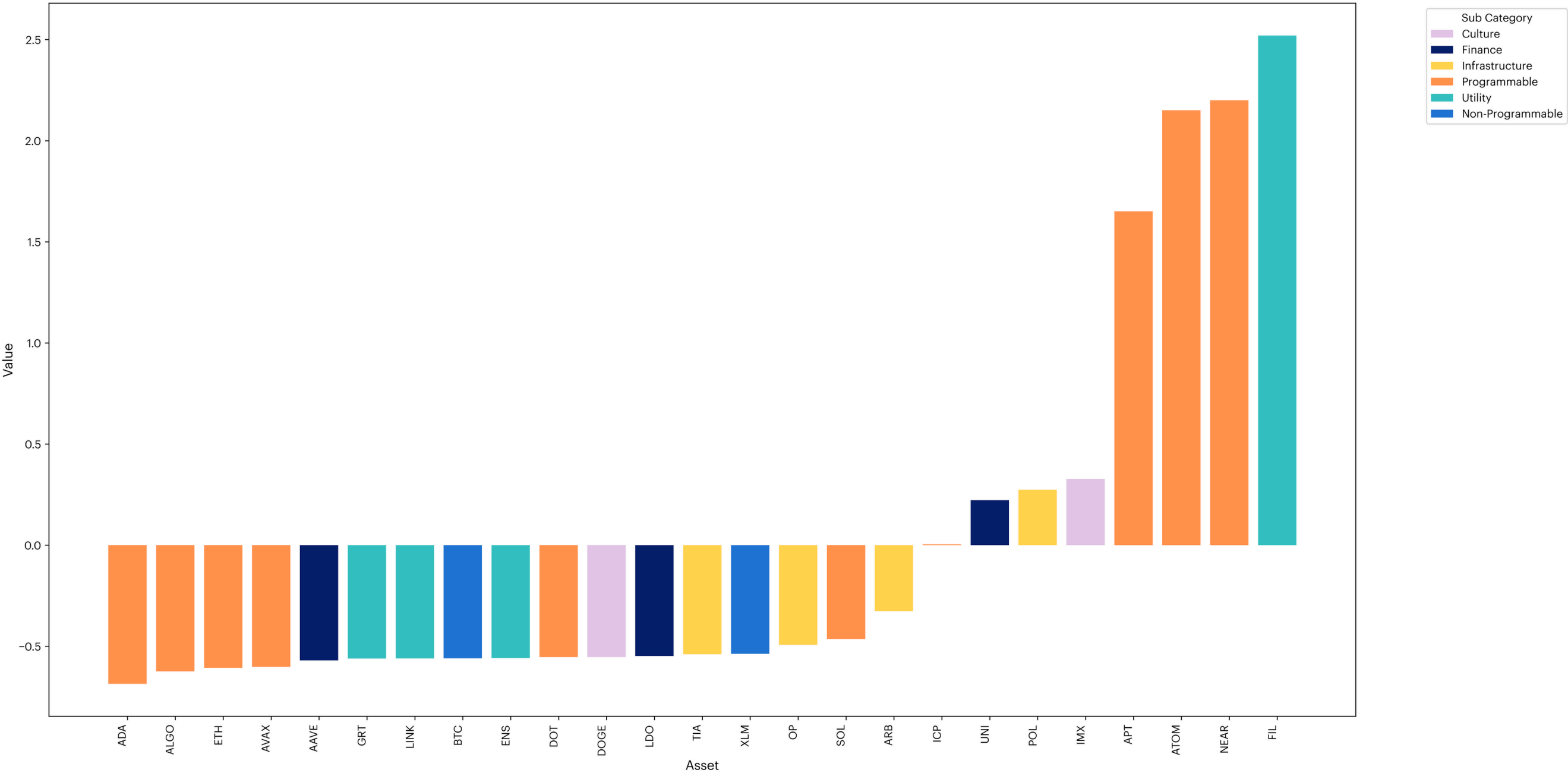
Size Factor Score by Asset



The Size factor identifies smaller digital assets by using the inverse of fully diluted market capitalization. These small-cap tokens often carry greater risk but have historically delivered higher returns, reflecting market inefficiencies due to limited participation. The factor captures this dynamic by going long small-cap tokens and short large-cap ones.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

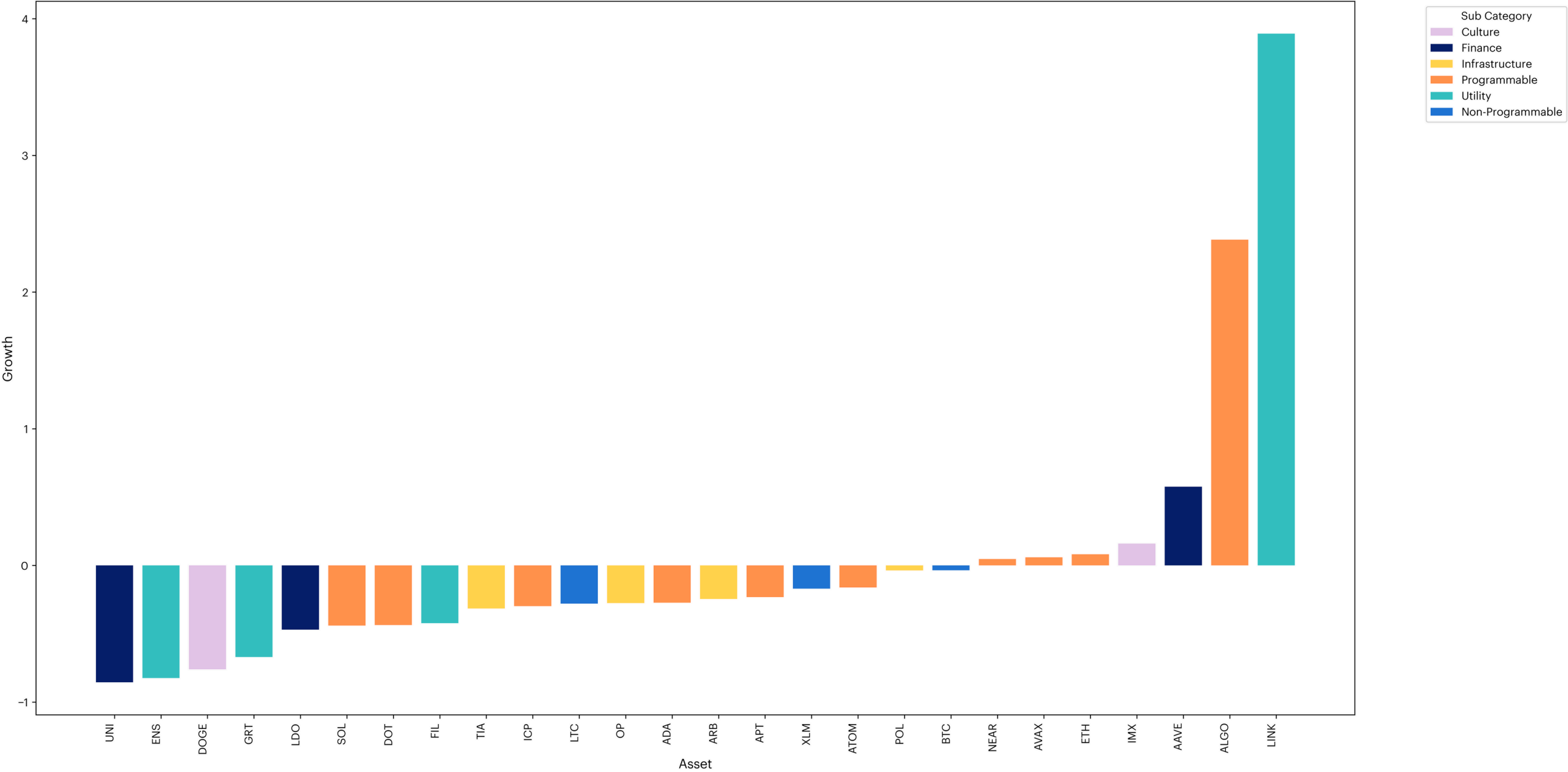
Value Factor Score by Asset



The value factor blends protocol fee efficiency and user engagement by averaging standardized z-scores of Fees/TVL and DAU/MCap. It quantifies how effectively a protocol generates economic output relative to its capital, identifying undervalued tokens with robust on-chain activity.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

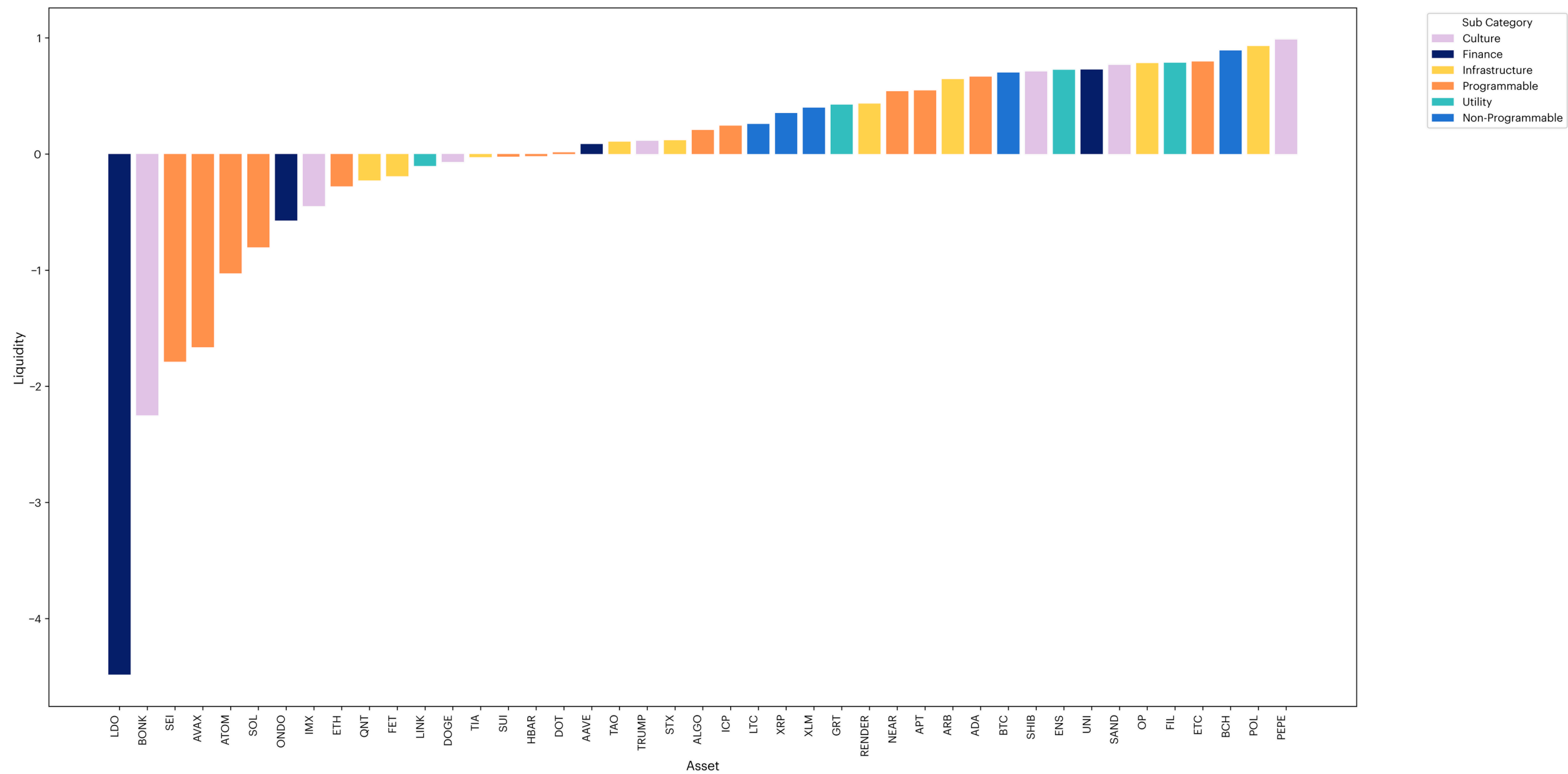
Growth Factor Score by Asset



The growth factor captures the acceleration of protocol-level activity by averaging the z-scores of 30-day fee growth and weekly active user (DAU) growth. It goes long on assets demonstrating strong growth in user engagement and revenue generation, while shorting those with the weakest growth, aiming to capture a growth-driven risk premium.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

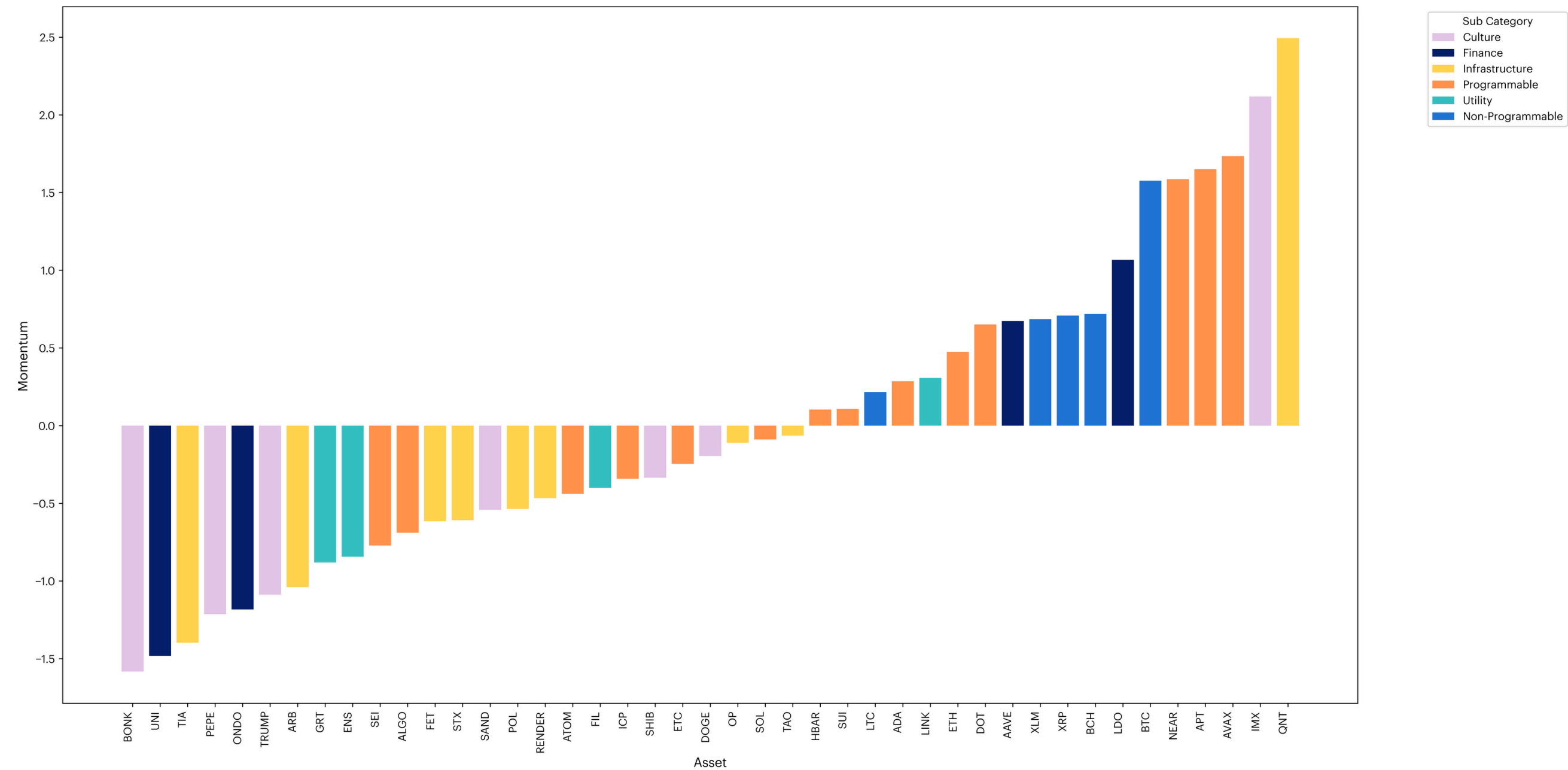
Liquidity Factor Score by Asset



The Liquidity factor is constructed using token turnover as a percentage of circulating supply, capturing how efficiently assets can be traded without impacting price. It reflects market accessibility and trading friction. The factor goes long lower-liquidity assets and short higher-liquidity ones, aiming to capture potential return premia linked to illiquidity.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

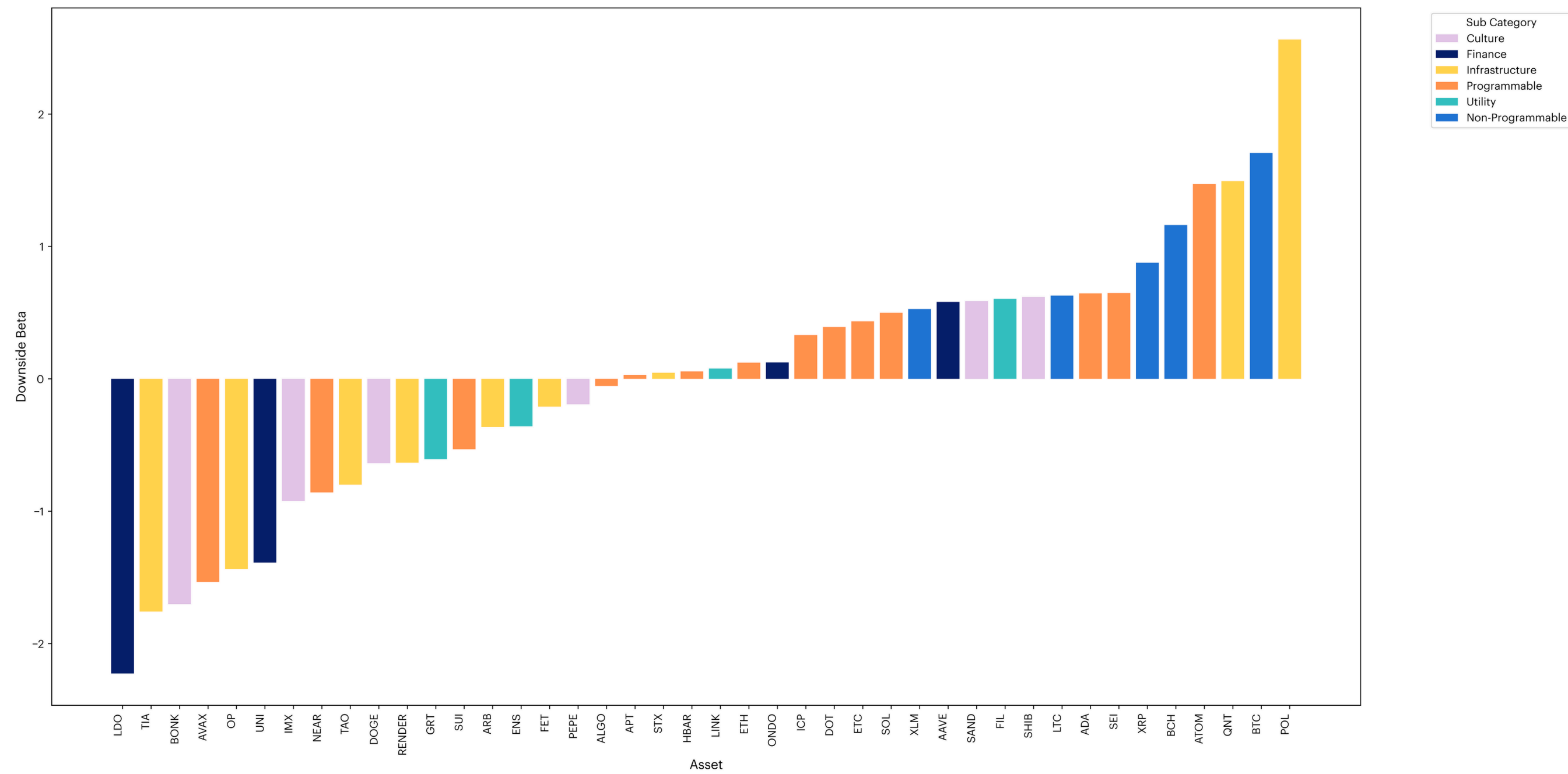
Momentum Factor Score by Asset



The Momentum factor captures short-term price trends by averaging the z-scores of two-week cumulative returns and their risk-adjusted counterparts. It identifies assets with strong recent performance, reflecting the trend persistence often seen in digital asset markets. The factor aims to exploit return continuation while accounting for the risk of sharp reversals in volatile conditions.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

Downside Beta Factor Score by Asset



The Downside Beta Score represents an asset’s relative sensitivity to negative market movements, derived from its downside beta but standardized for cross-sectional comparison. This score isolates downside vulnerability and provides a consistent scale across factors, where positive values indicate favorable characteristics. The factor portfolio goes long assets with positive downside beta scores, reflecting resilience in market downturns, and short those with negative scores.

Source: CF Benchmarks, from July 1, 2025 to September 30, 2025

Appendix

CF Digital Asset Classification Structure



CF Digital Asset Classification Structure

The CF Digital Asset Classification Structure (CF DACS) classifies coins and tokens based on the services that the associated software protocol delivers to end users, grouping assets by the role they play in delivering services to end users. The CF DACS powers CF Benchmarks' sector composite and category portfolio indices and allows users to perform attribution analysis to better understand the fundamental drivers of returns within their digital asset portfolios.

CF Digital Asset Classification Structure



Additional Resources

For more information about our CF Benchmark indices and our methodologies, please visit the respective web links below:

- [CF Diversified Large Cap Index](#)
- [CF DeFi Composite Index](#)
- [CF Web 3.0 Smart Contract Platforms Index](#)
- [CF Digital Culture Composite Index](#)
- [CF Cryptocurrency Ultra Cap 5 Index](#)
- [CF Broad Cap Index Market Cap Weight](#)
- [CF Broad Cap Index Diversified Weight](#)

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